THE PROBLEM
OF
NATIONALIZATION

BY
THE VISCOUNT HALDANE OF CLOAN

WITH AN INTRODUCTION BY
R. H. TAWNEY & HAROLD J. LASKI

LONDON: GEORGE ALLEN & UNWIN LTD.
RUSKIN HOUSE, 40 MUSEUM STREET, W.C. 1

THE LABOUR PUBLISHING COMPANY LTD.
6 TAVISTOCK SQUARE, W.C.

One Shilling net

First published in May 1921

INTRODUCTION

I

THE evidence here reprinted is that offered by Lord Haldane to the Royal Commission on the Coal Mines. The threat of a national miners' strike in February of 1919 produced from the British Government the offer of a Commission with statutory powers to compel the attendance of witnesses and the production of evidence. The Commission was composed of six representatives of Capital and six representatives of Labour; and it was presided over by Sir John Sankey, one of His Majesty's judges of the High Court. A plea for the nationalization of the mines was the central feature of the miners' demands; and it therefore became essential to inquire into the general problem of organizing that industry upon a national basis. The recruitment of a civil service for that end, therefore, became an integral part of the issue; and Lord Haldane's evidence was sought for that purpose. There were special reasons for this choice. Lord Haldane had given evidence before the Royal Commission on the Civil Service in 1912, which is generally admitted to be the most illuminating discussion on the problem of personnel in government. He had served as Secretary of State for War for six years; and in that office he had enjoyed experience not merely of the ordinary civilian Government officials, but also of the tech-

nical experts connected with a service like that of war. In 1918, moreover, he had, as Chairman of the Committee on the Machinery of Government, only recently surveyed the whole problem of Government organization. As an eminent lawyer, an old and distinguished member of the House of Commons, there can have been few, if any, men in England so competent to discuss the technical issues in debate.

II

It has become obvious that the primary services upon which the modern State depends—coal and railroads—can no longer be left to the unfettered play of private competition. That system has shown, by the grave dislocation it entails, that it has ceased to call forth from the workers the motives upon which adequate and efficient production depends. Private management depended upon the motive of profit-seeking; but not even unprecedented increases in wages, and a large reduction in the hours of labour, have been able to retain—as is testified by the fall in output, which partly at any rate is due to the friction accompanying the private system of ownership—a continued interest upon the part of the men. What they have demanded is that services so fundamental to the national life should be run by those who, from the lowest to the highest, have a part in their organization. They argue that the experience of the workers can only be translated into the results the service must offer by making them an integral part of the government of that service. Neither the opposition of the owners to their view, nor the refusal of the Government to accept its hypothesis, has in any way changed this outlook. A refusal to look at the institutional aspect of the breakdown in the coal industry has resulted in a series of strikes

which threaten the foundations of national prosperity. It is useless to attribute the attitude of the men to deliberate malevolence, to their separateness from the normal channels of the national life, or to some vast war-neurosis from which they have not yet recovered. Their temper is only an intensified form of an attitude now common to Labour all over the world. That attitude has become a stark fact which must be reckoned with in any industrial policy adopted by statesmen.

The failure of the old motives in the coal industry does not mean its transfer to the control of a Government department. Whatever the merits of that form of government—and they are many—the experience of the war is clear that it is unsuited to the special needs an industrial service like the mines will demand. The higher ranks of the Civil Service are largely recruited from Oxford and Cambridge graduates, who pass a rigorous and, on the whole, searching, competitive examination. Such a method of recruitment has produced marvellous results. With all its defects, it gave Great Britain before the war the one Civil Service in the world that was capable of combining efficiency with liberalism. But by the method of its organization it is hierarchical in its nature. It does not therefore breed in its members either the initiative or the flexibility, the sense, in a word, of inventiveness which the conditions of a nationalized industry must demand. Nor would it call into play the creative motive in the mass of the workers which we have now come to realize is essential to industrial well-being. The organization we must have in view must proceed upon different lines.

It is to the heart of this problem that Lord Haldane's evidence goes. Broadly speaking, the generalizations he makes are derived from his experience of the British War

Office. There exists, he argues, a reservoir of able men who, in Mr. Justice Sankey's words, "are just as keen to serve the State as they are to serve a private employer; and who have been shown to possess the qualities of courage in taking the initiative necessary for the running of an industry." These men, in fact, have the inborn capacity for administration which can be trained precisely as a man can be trained to be a chemist or an engineer or a doctor. Nor, as he points out, is this a matter of theoretic argument. For some years before the war, the War Office was accustomed to send those officers selected to specialize in the administrative part of military science to the London School of Economics; and under the training of men like Professor Graham Wallas it was discovered that the art of administration can be reduced to those half-intuitive formulæ which an able man can translate into a rule of life. These officers displayed, again to use Mr. Justice Sankey's words, "the strongest sense of public duty with the greatest energy and capacity for initiative." They showed, that is to say, not merely the qualities which make for success in private enterprise, but also those additional qualities by which such merit may primarily be turned to public advantage. Nor do the men so trained lack the qualities necessary for getting on with the men whom they have to direct. They develop a capacity for fellowship, a sense of co-operation in creative endeavour which, regrettably enough, is normally the antithesis of the relations between management and men in private industry. But these, clearly enough, are the powers we should desire in the normal State-run enterprise. If they can be so developed, it follows that there is no reason to expect in a Government-controlled industry, that inertia and soullessness which it is customary to charge against it. On the contrary, it can be made into

a service with traditions not less splendid than those of the Army and Navy. It can develop a discipline not less rigid, a spirit every whit as eager, a co-operation as fully intense. There is grave reason to suppose that the great industries can no longer, so far as their primary effort is towards private profit, hope to secure the play of such motives in their average employées. We are thus driven back upon experiment; and Lord Haldane's ideas are the profoundest contribution so far made to its successful completion.

It is important to realize that this is an aspect of the case which has been totally ignored in the argument on behalf of the existing organization of the industry. That case is, broadly speaking, an analysis of the motives by which the owners are moved, which turns upon the declaration that only considerations of private profit are adequate to the provision of efficient management. But such a view totally ignores the part played by the men in the production of coal. It does not deal with the psychology which underlies the attitude of the workers. Nothing is more clear from the mass of evidence presented to the Commission that their psychology is the crux of the situation. If unprecedented increases in wages, if shorter hours than at any previous time in the record of the industry, will not produce the coal that is required, will not, that is to say, secure an effective co-operation between management and men, it is obvious that the root of the difficulty must be sought in other directions. Either we must assume that the miner is a selfish person in a sense qualitatively different from that of every other worker; or else we must assume that, from his standpoint, the industry as an institution is defective. It must be wanting, if we exclude the first assumption, in the appeal it makes to his appetite for work;

and we must then seek a form of organization calculated, in a different way, to appeal to that appetite. If the simple formulæ of private management will not induce him, even with the problem of national prosperity in issue, to labour as we desire, then other formulæ must be found.

It will perhaps be useful here to summarize briefly the findings of the Coal Commission. The representatives of the coal-owners reported in favour of the retention of the present system with some slight modifications. They were, however, a minority of the Commission. Sir Arthur Duckham, one of the employers, presented a separate report in which he urged the erection of what would be virtually a State-controlled system of monopoly. The first report represents what must be the method of organization now that the Government has determined upon a policy of non-intervention; and that method, as the disputes make clear, supplies the perspective of the miners' significant and continuous dissatisfaction. It is, moreover, completely at variance with the evidence of Sir Richard Redmayne, lately the Chief Inspector of Mines, which failed to bear out the owners' contentions as to the results of private ownership. Sir Arthur Duckham's report does not meet the views of the men, especially in relation to the problem of governing the industry; nor does it show how safeguards can be had sufficiently powerful to control the immense influence which would be exerted by the monopoly he contemplates.

The Majority Report is that written by Mr. Justice Sankey and, in its large outlines, concurred in by the Labour representatives upon the Commission. Every mine is to be under a duly certificated mine manager who is to be assisted by a local mining council in part elected by the workers, and in part nominated by the District Mining Council. This

body is to govern each of fourteen mining districts into which Great Britain is divided. The District Council, part of which is to be elected by the miners of the District, and part to be nominated by the Minister of Mines, is to represent (*a*) consumers, (*b*) the technical side of the industry, (*c*) the commercial side of the industry, (*d*) the miners. It is to sit for three years and its members are to be paid a salary. Its functions are "to manage in its district the entire coal extraction, the regulation of output, the discontinuance of or the opening out of mines, trial sinkings, the control of prices, and the basis of wages assessment, and the distribution of coal"; though its powers are to be subject to the control of the Minister of Mines. This latter functionary is to be the supreme head of the industry. He is to sit in Parliament and will be a member of the Government. Assisted by a National Mining Council, elected on the basis of one member for each district, with additional members for every five million tons of coal mined from that district; he will have the right to veto any action taken by the District Councils, and to advise upon and to discuss the general problems of the industry; his consent being necessary, also, to national alterations in wages. The National Council is to meet at least three times a year, in the principal centres of the coal industry; but it is also to elect from among its members a Standing Committee of eighteen, six of whom are to represent the miners, six the consumers, and six the commercial and technical side of the industry. For the minimization of strikes, it is provided that there shall be no industrial stoppage until the dispute in issue has come before (*a*) the District Mining Council, (*b*) the National Mining Council. Full provisions are made for public knowledge of mining finance; and a corps of officers is established to provide for safety, health,

and research in the industry. Certain special provisions relate to Admiralty coal needs and the peculiar demands of the export trade.

Though we ourselves believe that Mr. Justice Sankey's scheme is an admirable one, it is not with the scheme itself that we are here concerned. What is important is the possibility it implies of creating an organization for the coal industry in which escape is had from the psychological difficulties of the present system. The evidence accumulates that no coal settlement is complete which fails to give attention to those difficulties. The miners may strike, may be defeated and compelled to return to the pits; but their work does not display the spirit without which efficient production is impossible. Mr. Justice Sankey's scheme provided an institutional channel for that spirit. It was the deliberate effort of an impartial and distinguished mind to associate with the production of coal the whole body of creative energy at the miners' command. It was an attempt made after a considered and reasoned defence of the present system by those who operate it; and its basis was the belief that the present system is no longer adequate to the needs of the nation. Private initiative and private profit as the motives to production were therein examined and condemned; a scheme was therefore necessary in which different motives found their place.

It is obvious that such a project looks to precisely that type of public service that Lord Haldane had in view; and, indeed, it is no secret that his evidence very largely determined the nature of the scheme put forward by Mr. Justice Sankey. That portion of the different governing bodies elected by the miners ensures the creative interest of the workers in their efficiency and management. The nominated part of the administration will have to be built

up, in part from the ranks of the present mine managers, in part from outside. It is mainly in this second aspect that Lord Haldane's suggestions are of decisive importance. For it is clear that the task of the nominated member will be a difficult one. He will be not merely the representative of the consumer; he will control at once the technical, the commercial and the research side of the industry. It will be necessary to attract to the nominated side medical men, mining engineers, cost accountants and so forth; but each will have to be something more than a specialist. Before each will come the general problems of the individual pit, the district, and the industry as a whole, and upon his judgment the welfare of Great Britain will depend to that large extent to which Great Britain is dependent upon her coal. In that background, their training as administrators becomes the very heart of the problem; and it is upon the lines laid down by Lord Haldane that research in detail is most largely required.

What that research must bring us is yet obvious enough. What we require to bring to the coal industry is that spirit of unified co-operation which is the root of tradition in the Army and Navy. It is a tradition which gave us Sir John Cowans and Sir Charles Harris; it is a tradition broad enough, as the career of Sir William Robertson makes evident, to secure from the lowest ranks the ability it requires for continuance. What is of urgent importance in relation to it is that private profit has never been the clue to its maintenance. As professions the Army and Navy are poorly paid; yet they attract into their service ability and energy as great as any other career can show. That is the example the coal industry must follow. Its present organization has broken down. It does not secure the co-operation of the miners; inquiry revealed mismanagement of the

gravest kind. We need a spirit willing to experiment with new forms if its defects are to be remedied. We believe that it is upon the lines laid down in Lord Haldane's evidence that the experiment should proceed.

R. H. Tawney.
H. J. Laski.

THE PROBLEM OF NATIONALIZATION

Present :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

Mr. ARTHUR BALFOUR.	Mr. ROBERT SMILLIE.
Mr. R. W. COOPER.	Sir ALLAN M. SMITH.
Sir ARTHUR DUCKHAM.	Mr. HERBERT SMITH.
Mr. FRANK HODGES.	Mr. R. H. TAWNEY.
Sir LEO CHIOZZA MONEY.	Mr. SIDNEY WEBB.
Sir ADAM NIMMO.	Mr. EVAN WILLIAMS.

Sir RICHARD A. S. REDMAYNE, Sir ARTHUR LOWES DICKINSON, } (*Assessors*).

Mr. ARNOLD D. MCNAIR (*Secretary*).
Mr. GILBERT STONE (*Assistant Secretary*).

Rt. Hon. RICHARD BURDON, VISCOUNT HALDANE,
Sworn and Examined.

25,559. CHAIRMAN : Lord Haldane, I think that you were Lord Chancellor, and that you were Minister of War from 1905 to 1912 ?—Yes.

25,560. I am afraid I must ask you one or two questions about that in order to lead up to the question that I desire to ask you. I think that during that time you had very considerable experience of, and were responsible for, the reorganization of a great State Department ?—That was so.

25,561. Am I right in thinking that during that time you organized the Territorial Forces of the Crown, and that also you provided for a very speedy mobilization of our Forces in the event of the nation being called upon to go to war ?—That was so.

25,562. I think, as a result of your efforts, a very speedy mobilization of our Forces was effected when war was declared against Germany ?—Yes. The thing we concentrated upon was extreme rapidity of mobilization and concentration in the place of assembly, and that we carried out.

25,563. I suppose it is no longer a secret, but war was declared on Tuesday, August 4, 1914, and I think within a matter of twelve or fourteen hours, under the scheme of mobilization which you had prepared, some of our troops were already in France ?—Yes, within a very short time : within a very few hours troops were in France.

25,564. How long was it before the whole of the British Expeditionary Force was placed in the Field at the appointed place ?—On Monday, 3rd August, 1914, at the request of the Prime Minister, I, as Lord Chancellor, went back to the War Office and mobilized the machine with which I was familiar. That was done at 11 o'clock upon Monday, August 3rd, and the giving of the orders took only a few minutes ; everything was prepared years before.

25,565. How long was it before the whole of the Expeditionary Force was able to be placed in France ?—The whole of the Expeditionary Force was ready to transport to France on the spot. It was ready, I should think, within 48 hours. The War Council which was held decided that four infantry divisions and a cavalry division should go at once, and that a fifth division should follow in a week, and then another division should follow a little later. That was carried out, as the War Council directed, by the War Office.

25,566. The reason I am putting those questions is to show that you had great experience in organizing a branch of the State. The problem we have before us is, if nationalization should be decided upon, whether the present Civil Service, or some remodelling of the present Civil Service, would be in a position successfully to cope with the problems that would face them if the coal industry were run nationally ?—Yes. I should like to confine my evidence simply to the question to which you have referred. I do not feel that I have any qualification for speaking on the wide question which is before this Commission, of whether there should be nationalization, or whether there should not. What I should like to say something about, if you will allow me,

is the question of whether it is possible to train a body of Civil Servants fit for rapid and efficient administration.

25,567. I have not had a *précis* from you because time has been rather short, but I should be much obliged to you if you would now take up that subject, and place your views before the Commission.—When I came to the War Office there had been a very valuable committee, called the Esher Committee, which, amongst other revolutionary changes in the War Office which they recommended, advised the separation of, what is called in the Army, administration, from strategy and tactics—from the work which is allocated to generals in the Field and to the General Staff. That separation had become well recognized in Continental armies, and had led to extremely rapid and efficient mobilization arrangements for those armies. We had studied them. I had been a short time in office, and we resolved to give as complete effect as we could to the recommendation of the Esher Committee. I do not say that we ever rose to the ideal which I should like to have seen reached, but we got as far as we could with the money and the men we had. The principle was this: the commander in the Field must not only have his troops ready, but all their auxiliary services ready—transport, the supply, the medical services, and the provision of men by the Adjutant-General—because that is just as much a matter of administration as the provision of material. All those things must be so ready that he is able to put his hand upon them. If I may refer the Commission to it, Field Service Regulations, Part 2 (a little volume which is on sale by the Government), contains the scheme we established in its practical working for an Army in the Field. The Commission will find all the details there and how the thing was worked out. The difficulty we found was this: It had never been the idea of the older authorities in the British Army to make that separation in recent times. I say "in recent times" because the Duke of Wellington had a great grip of it, and carried it out as efficiently as it could be done in those days. For

a long time after this period, and until the War Office was all brought together under Lord Cardwell, the Departments had been separate, but they had been very badly separated. For instance, the Ordnance Board was at one part of the town, the Horse Guards was at another, and the War Office was something separate, and it was all supplied, not according to Services, but according to different groups of men in authority. What we endeavoured to do was to draw the line of demarcation separating the Services quite sharply—firstly, the service of directing operations in the Field, and of course the enormous amount of work that has to be done by a General Staff in thinking out and preparing for those operations; and, secondly, the preparation of the administrative machinery and material which was required to be under the hand of a Commander-in-Chief in order that he might make himself efficient. Of course, the same principle applied in peace to the War Office, which had to have all these things ready in case mobilization was called for. If they were ready, and everything had been prepared long beforehand, then you had only to touch a button and things sprang into their places as they did on the Continent. Now the way in which we carried it out I think I have indicated: it was by separating the service of administration in its various branches from the other services. I will not trouble this Commission with the details of other matters such as the Army Medical Service, which was splendidly organized by Sir Alfred Keogh on the very principles I am speaking of, nor all the things done by the Territorial Associations, who had the principles of administration handed over to them. I prefer to take the Regular Army, just to show how the thing was sought to be done. We found that the idea prevailing was that anybody who had shown himself eminent in the Field could administer. That seemed to us to be a mistake. A man may be a magnificent leader of troops and yet be very bad at working out schemes in the Quartermaster-General's Department for provision ahead. In the same way the

expert who was good in organizing Artillery dispositions in the Field might be no good at working out the patterns of the guns and the chemistry of the munitions at Woolwich, or wherever matters had to be worked out. We sought to develop a type of administrative officer to an extent which was new in the Army. I want to say at once, we succeeded only to a very limited extent because time was short, and money was shorter for the Army in those days. The General Staff, which deals with the other side, had its magnificent Staff College at Camberley, where it put those officers who were to deal with strategy and tactics through a very searching course of training, and had a very fine school; but there was no school for teaching administrative officers, and in my view it was as essential to teach administration as it was to teach strategy and tactics.

That brings me at once to what I am dealing with. In the Army some of these administrative things are just as difficult and just as complicated as any that occur in ordinary civilian business. They require qualities which the ordinary Civil Servant is not trained to develop. They require, to begin with, a great deal of initiative. No doubt it is true, in peace time especially, that every officer looks to his superior; but we encouraged, as far as we could, the principle of allocating responsibility and encouraging initiative, telling a man what he had to do in general terms, having first made sure that he was competent to do it, and then showing that we held him responsible for doing it and for doing it for the least money possible and in the swiftest and most effective fashion. That was an ideal which we did not succeed in wholly living up to, but it was a principle which seemed to me to work out effectively. There is no doubt in that period some extraordinarily efficient military administrators were trained up. I hope this Commission will not think by "military administrative officers" I mean the kind of people who have come in, justly or unjustly, for a good deal of criticism before the public lately.

Those are mainly men not trained for the purpose. I am speaking of the young men we took and then put through a special course of training. The thing we found was that in this, as in everything else, education is of vital importance, and then special education coming upon the top of a sufficiently generally educated mind. We had no school and we had no staff college in which to train our administrators, and there was not the least prospect in those days of Parliament giving us money for one. But we had another thing to hand: We took the London School of Economics, with which some of the members of this Commission are familiar. I myself approached the London School of Economics, and with the very great assistance which I had from a member of the Commission, Mr. Sidney Webb, I induced them to take in hand the task of training 40 administrative officers for us in each year. Courses were designed, and they were taught things which they never could have learned in the Army. I think it will be found if you inquire from others, that that training was of enormous advantage in France. There these young officers were serving—officers on whom was placed enormous responsibility and also a great deal of necessity for devising initiative for themselves. Englishmen, if they have any aptitude for it, are particularly good at getting out of tight places, and these officers, trained as they were to deal with all sorts of problems, in France and Flanders showed very great capacity in doing so. In Mesopotamia it was the same. One of the officers with whom I worked partly on the administration side—I do not think he was trained in the way I have described, but he had the aptitude of which I have spoken—was the late General Maude, who achieved great things in Mesopotamia by what he had learned and felt himself capable of doing. What we did was this. In the Quartermaster-General's Department, for instance, stores had to be considered; contracts for them had to be placed; transport of them on the outbreak of war—and even in time of peace also—had to be arranged for, and all those things these skilled and young

administrative officers had to carry out. They worked under Sir John Cowans, who was then Quartermaster-General, and who was in the Quartermaster-General's Department for several years, and he had great aptitude for getting on with men and taking a grip of things in this kind of way. So far as it was done, it was very well done. I am not defending all the things brought out recently before the public, but they were done by men not trained in that school, and they had not a fair chance in work for which they had not trained. I am talking of work which members of the Commission know took place in France, and which made fast mobility and concentration of our armies there of such valuable effect in the later stages, and also, to a much greater degree than is generally known, in the earlier stages of the war. That was the secret of the ability to mobilize the Expeditionary Force with the rapidity we did, and of the fashions in which all the details of that mobilization came to be worked out years before the date of mobilization arrived.

25,568. Do you think the class of men to whom you have been good enough to direct our attention is a class of men who possess the qualities of courage and of taking initiative?—Yes. I am very glad you have given me an opportunity to speak about that. There are some men who have it not in them to take initiative or assume responsibility, and they never will. I think, as a rule, in the civilian business world these men fail as they fail in the Army. In the business world the other men come to the top, and are picked out and chosen and put to their work. That is not so usual in a service. It is more difficult in the Civil Service where people come in according to rules and succeed to places very largely according to seniority. In the Army and Navy, where selection obtains to a considerable extent, and ought to obtain to a still greater extent, it is much easier. You pick a man because he is particularly good at the sort of work you want him for. You ask him to devote himself to administration, and, if he does, you may

get a man just as valuable and just as good as you will find in the business world. It is quite true he has not got what is the great impulse in the business world, namely, the desire to make a fortune for himself, but he has another motive, which, in my experience, is equally potent with the best class of men, namely, the desire to distinguish himself in the service of the State. If he thinks he will be recognized because of his public spirit and his devotion to his duty, that public spirit and devotion to duty will make him do anything: there is no sacrifice of himself he will not make. Of course, I am talking of the best type of men such as the men I came across and saw in the Army. That class of man, I believe, exists in far greater number in the two services than has been supposed at the present time. I am only taking them as illustrations of sources from which you can draw. I am not suggesting to this Commission that they should nationalize under the Army and Navy, but I am only saying why I think there is a source which is neglected from which public servants might be drawn. You get these men and they have been trained to a sense that they must be responsible even with their own lives for the attainment of the object which you entrust to them to accomplish. If they are properly trained, they are trained not to look to this or that detail of regulations, but rather to accomplish a purpose such as, for instance, getting stores to a certain point on the battlefield within a certain time at all costs, and that induces a sense of self-reliance and initiative which, I think, has developed into as fine a skill and training as you can find anywhere. Everything depends upon taking the right men and training and encouraging them in the right way.

25,569. In your experience, how did that class of officer get on with the men with whom he had to deal and with whom he had to work?—Just the same way as a good regimental officer gets on with them. A really good regimental officer is the friend of his men. They come to love him if he is the right kind of a man, and a man who, when

they advance, goes at their head and takes the risk, and will not let them take a risk which he will not take. I have known that kind of officer often go away ahead of his men at great inconvenience and some danger to himself to find quarters where his men might rest, and he himself has refused to take anything for himself or have a bed even allocated to him until he has seen every man under his command had his sleeping place and had his rations. That is the man I speak of—the officer who thinks of his men first and himself second.

25,570. We appear then to have created a sort of new class of (I will call them for the moment) officials for want of a better term. What is the future of those men if they have to remain in the Army or in the Navy ?—I will come to that in a moment, but I wish to say we did not create them: they were there, but undeveloped. Splendid material was there, but the nation had never thought of training them in the right way. They had trained the commanding officer, but they had never trained the administrator who was really just as necessary to them. What happened was this. According to Army tradition, the real fighting in the field, the strategy, the tactics, and the execution of the strategy and tactics were the important things, and every one who took to administration was rather looked down upon—they would not have said they looked down upon them, but they were looked down upon. Therefore naturally every young officer gravitated in the direction where he would be more thought of and where he could win more honour and apparently devote himself in a more practical way to his country's service. The result was that that class of man was very little developed and very little drawn upon. They were there and they are there now. Then the individual came up, but I always used to feel we could have got ten times as many if we had given them encouragement. If promotion had been not by seniority but by selection, and by distribution of duty, and the holding responsible men who were carrying out not regulations

letter by letter, but carrying out a great duty in which we relied upon their initiative, and if there had been that system of training, it would have given us ten times as many of these officers as we possessed. I want to say now that I do not think the State recognizes the extent to which not only in the Army and Navy, but outside the Army and the Navy, there are young men in whom those qualities can be brought out—the quality of initiative and the quality of devotion to duty, which are as powerful a motive as the motive of business men if they are only developed in the right atmosphere.

25,571. Should I be right in saying that, in your opinion, there is a class of man who combines the strongest sense of public duty with the greatest energy and capacity for initiative ?—In my opinion there is a large class.

25,572. And that is a class that cannot only be trained in the future but which, in your view, is to hand at present ?—They are to hand at present. I have spoken of the Army because I know the Army and perhaps because I love it, but it is certainly equally true of the Navy. If I may say so, the Navy has given even less attention to this question than we tried to do in the Army.

25,573. Speaking of that class, with regard to the coal industry, do you think it would be necessary, if one drew or selected from that class in the sort of way you have been good enough to tell us, to give these men some special training to fit them for the coal industry in the event of it being necessary ?—I think so, and, if I may, I will just put the steps which I think would be necessary. My idea for the Army and Navy is that young men should not go into them too early. With regard to the age of entry in the Navy (it is low enough in the Army now, but too early in the Navy at the present so far as I can judge) I should like to see it begin at 17 or 18 years. I believe that is quite early enough, when a young man has a general education. That would give an opportunity for the son of the working man just as for the son of the duke to go into these services. It will

all depend upon whether he feels it in him, and whether he is chosen on indications which satisfy those who have to make the selection. At that age he will have gone in with an amount of education which he does not get at the present time. I do not believe in special schools, because they are never so good as the schools which give a broad general basis on which to develop the mind. He would then go in, and his first years of course would be thorough education in his duty, naval or military. A little later he would specialize more and more in those duties. He would go into the field and go on board ship—whatever might happen—and then I should like, if he has aptitude for what I may call general staff duties as distinguished from others, to see him trained for those. If he is the sort of young officer that has it in him and if he has the aptitude for the other side equally, then encourage him to train for the administrative side. That administrative side would have to be organized and developed and recognized to an extent which it has not been up to now. Then when he was 25 or 26 he might feel, "Well, I have great aptitude for administration. I have distinguished myself so far as I have gone. But it is peace time and the Army and Navy do not seem likely to want me. I have a better chance if I can serve the State in another Department." Then I should like to see the State, having kept a watch over that class of officer and selecting the best of them, put them through a special course of training. I am not sure I know anything much better than the kind of atmosphere we had in the London School of Economics. It was purely civilian and free from militarism, and it was very good. There they were trained in making contracts and in local government, in the law of administration, in railway management and a variety of other things which they could choose, or all of which they could take. A comparatively short course of that develops enormously and very rapidly the capacity of a really first-rate man already trained in his own profession. He becomes very capable and apt as an administrator. I have seen it over and over again

in officers of that kind who later in life have gone into civilian administration, and they are very good indeed. Then there is something else to be seen to. It is not at present the business of the London School of Economics to teach initiative. Initiative is a matter of the spirit and a matter of temperament. Like courage and temperament, initiative can be developed. I should like to see a school of the State teach the necessity of that and the necessity of a man relying upon himself and making his own decisions. I should like to see encouraged what the best officer already knows by instinct, the absolute necessity of treating his men as equals, getting on with them, understanding them, and making their concerns his, and working with them in such a fashion that, although he was their guide, philosopher and friend and their commander, yet when it came to a moment of decision, while they felt it was their own spirit which was embodied in him, in taking the initiative in what he was doing, he was not taking an arbitrary initiative, but an initiative based on knowledge. As you see, I put education in a very wide and broad sense as the foundation of the question whether you can train administrators for the service of the State.

25,574. I rather gather what you say is that, in your view, there is a supply of men which has hitherto been rather untapped which could be made use of should it be desirable, or should the occasion arise?—I still have very friendly relations, although they are purely unofficial, with the Army, and dozens of young officers come to me and ask, "Could you give us any suggestion or help as to how we can get into civilian life? We feel we are good at it." I have known them to be of very great mechanical skill and of very great business ability in the work which they have done, but the difficulty is that there is no place for them now, nor is it a recognized thing that you should at a certain point in your career choose a civilian career under the State alternative to your career which has hitherto obtained in the Army or Navy.

25,575. Mr. SIDNEY WEBB: On another point perhaps you could help us. Assuming that any such proposal as the nationalization of mines were carried out, could you help us with regard to the proper relation to Parliament? For instance, how could we keep it clear from what is called political influence?—I see the point of that, and I will try to answer. To my mind, the future of the question of nationalization and its success or failure depend upon the possibility of good management. Take the coal industry. You want as much coal as you had before at least and more, if possible, and at reasonable prices. That depends upon good business management, and it depends upon first-rate administration. Suppose a Minister armed with the kind of staff which I have spoken of, not trained wholly out of the world I have been describing, but out of the business world generally, then that Minister, too, must be a man who feels that he has one thing, and one thing only, to consider, and that is to make a success of the Department which is entrusted to him. It is fatal if he allows the private influence of Members of Parliament, for instance, to guide him in making his appointments. I am not in favour of appointments made by Boards. As a rule they are very bad judges. I have seen them working very badly. I would rather put the fullest responsibility upon the man at the top and hang him for it if he fails to discharge his duty to the public efficiently. But the great thing is to get a Minister who is responsible to Parliament in the fullest sense, but who yet is not afraid of Parliament or to come to Parliament, and is not afraid to take the initiative, and then go to Parliament, saying: "This is the reason for what I have done, and I ask for your ratification." I sat for 25 years in the House of Commons, and a more generous body than the House of Commons for that sort of thing I never knew. It is what it really likes. I stood up time after time and said, "I have done this and exceeded my powers." At first there was always a small storm of abuse which I was quite familiar with—it was stage thunder. Then in the end they said if

they approved: "You did the right thing, and if you had not done it we should have docked one thousand pounds off your salary," That is the real spirit of the House of Commons, and if Prime Ministers would only recognize it, the House of Commons is the most sensible body of jurymen in the world, and you may take it that the House of Commons, if it thinks you have done your best, will be most generous in its treatment of you. Therefore, I think for the right kind of Minister it is quite possible to get that freedom which you speak of.

25,576. Of course, it is suggested that sometimes we may not have the right kind of Minister, and that he ought to be assisted or strengthened by a body of Commissioners, or a Council of one sort or another chosen very largely for expert reasons. I should like to ask you whether you could say anything upon the relation of such a body as that to the Minister. Can you make that Council or Commissioners authoritative as against the Minister, or must you say that they must act under the direction of the Minister?—Now you come to the crux of the whole matter. You must not say they are authoritative, or he will shelter himself behind them in Parliament, and half a dozen men are never as good as one in proportion, in my experience. The great thing is to take a really competent Minister and give him a full sense of responsibility and authority. But, on the other hand, these Ministers, as you have said, are extraordinarily difficult to get. If you could get these Ministers, and get a staff such as I have tried to describe, you might nationalize almost anything—I will not say everything, but many things. You might nationalize railways, coal-mines and transport, and do it freely with the sense that you were dealing with things which the business of the State demanded should be managed up to the standard which the State required. The first thing which is essential is to get a really competent Minister. The difficulty here is that people are chosen for their powers of talking in Parliament rather than administration. I have known

first-rate men who have never got to office, and have never got there perhaps from shyness, or perhaps beeause they did not like it, or beeause they have not attained that oratorieal position whieh the House of Commons demands as requisite. But I will assume we have a very deeent kind of Minister fit to do his work, and I will answer your question as best I ean as to what his relation to the Board must be. Knowledge he must get, beeause everything depends upon knowledge, and expert knowledge ean only be got from experts. Therefore the Minister ought to have, at any rate, advisers round him who ean give him that knowledge; but it must be done, I think, on the footing that the Minister never eeases to feel himself responsible. I do not mean that he should not feel himself most eonseious that these men know better than he knows, and that he will do wisely to be guided by them; but he must not be eneouraged to throw responsibility upon them. Therefore I would not put them in any authority over him, but I would eneourage him in the fullest way possible to eonsult them. Let me add this: I have had a great deal of experienee of Ministers and of Counеils, and people are fond of asking, "How often did the Counеil meet in your days?" The true kind of Counеil meets formally very seldom, but it is meeting always in reality. The Minister ought to live with it. He ought to sit in the room with it, smoking cigars with it, luneheng with it, taking tea with it, dining with it, and being with it until all hours in the morning. Its members ought to be his guides, philosophers and friends, and they ought to understand one another and feel that the best thing in their interests and in his interests is for him to say at the end of their deliberations: "I will take my own way about it, but you will know it is in harmony, not only with the letter, but with the spirit of what you have been thinking."

25,577. Mr. R. H. Tawney: There are two questions I should like to ask you. First of all, could you tell us something more about the training of administrators? What I

mean is : sometimes it is suggested the conduct of business is best done by what I may call rule of thumb. You suggest in your evidence, I think, that there is a science of administration independent of the technique of a particular trade or industry ?—Yes.

25,578. Which is general, and which can be imparted by education ?—Yes. May I add a qualification ? I have been twice Chairman of Royal Commissions on University Education, and in all Reports to which I have put my name, I have always said that the essence of a university is atmosphere. That is what makes it a school of science or a school of knowledge in the widest sense. It is the inspiring contact of the personality of the teacher with that of the taught which makes the difference, and by the school of which I speak, the school which is to impart the science of administration, I mean a school which shall have the atmosphere of it, and the suggestion of not merely dry knowledge, but of initiative and personality at every turn.

25,579. But it is something which can be taught and not merely picked up ?—Certainly—taught exactly as a university professor teaches his students.

25,580. You speak of the immense importance of selection. Would it be true to say that the quality of those selected depends partly upon the area from which the selection is made ?—To a large extent.

25,581. The greater the number of entrants, the better the field ?—To a large extent.

25,582. Are you satisfied that in the public services—the Army, Navy and the Civil Service—the area of selection is wide enough now ?—No, I do not think it is. It is subject to this, that the essential conditions must be knowledge and capacity. There must be no advantage given to the poor over the rich.

25,583. But suppose we were organizing a national mining service. It would be an immense improvement, would it not, to draw capacity from the poor as readily as from the rich ?—Yes. I represented a constituency of

working miners, or which, at least, contained a great many working miners, for 25 years, and I came across men in that sense who were fit to fill almost any administrative post; all they wanted was the training and knowledge.

25,584. Probably in your experience of the Army, the same thing has struck you?—Just the same.

25,585. A great many battalions are really commanded by the non-commissioned officers?—Yes, and some of the most eminent men in the Army are men who have risen from the ranks. Sir William Robertson is a distinguished example.

25,586. Sir L. Chiozza Money: You said something which was very interesting to me with regard to the opportunity for distinction which was afforded by a well-constituted public service. Do you think that, at present, there is a sufficient opportunity for distinction in the Civil Service as it stands?—No; I agree very much with what was said by Sir Charles Harris, when he gave evidence here, of the difficulty of developing the kind of service the State wants in dealing with coal mines, if Parliament gives effect to such a principle—the difficulty of getting that under existing Civil Service conditions. A man enters the Civil Service, being qualified by examination; then he is distributed somewhere; then he finds himself under some one who may not be very intelligent, and a small piece of work, very often uninteresting, is allocated to him. If he is in the Lower Division, he is kept in a groove which is very much less interesting than the Higher Division. I am the last person to wish to see the Higher Division abolished. On the contrary, I think the Higher Division is the life and soul of the Civil Service, but I do want to see the passage from the Lower Division made more frequent. I want to see, in other words, the men who show, in practice, that they really have the stuff in them, brought forward. It can be done by their being taken as private secretaries to people in the Higher Division. There ought to be much less of a gap between the two, and promotion by selection ought

to be very much more the principle. There is a diffieulty about promotion by selection. When I was in the Army, I found promotion by selection at work, and—the Commission may be horrified—I abolished it, because the selectors seleeted their own friends. I do not say they did it deliberately, but simply because they did not know any one but their own friends. I remember one very eminent Naval Commander saying to me : " They eomplain that the appointments are all filled from my personal *entourage* : so they are, but it is because I know these men, and I know I can rely upon them." It is too narrow. The right thing is promotion by seniority tempered by a very stern and rigorous rejeetion ; that is to say, you give some weight to seniority beeause you do not want a man to be altogether disappointed, if he has toiled hard, because he is rather stupid, but you do not put him in plaees where you want real ability. I think by giving a great deal more consideration than Parliament, or our rulers, have given to it, you ean devise a system under which you can get seleetion and rapid promotion from the efficient without the sense of injustice whieh too often obtains to-day.

25,587. Have you noticed in almost the only productive service we have, the Post Office service, they do have a form of promotion whieh eombines respeet for seniority up to a point with promotion on merit ?—Yes, I understand that is so. I do not know enough to say how well it works.

25,588. I do not know whether you came across this in your investigation of administration, but I am told, for example, that in the Post Office service a man may be 27th on the list, and yet get the post that is vacant. Let us say it is an executive post in the provinces of some value. Although he may be 30 or 40 from the top of the list, he is chosen before the others.—Yes, I know that is so, and it is quite right. I know a ease where it was done outside this country. Lord Cromer did it in Egypt. He pieked the Egyptian Civil Service on that principle. He got the records of the men, and selected them on their records,

and not on examinations. The record system is infinitely better than outside tests.

25,589. On the other point, do you not think what I may call the hiding away of the successful Civil Servant, and the fact that he rarely, or never, gets public recognition, militates against the Civil Service and its success ?—Very much. I should like to see the Honours List kept for services rendered to the State in administration, with a very few exceptions.

25,590. Do you not think it a pity that whereas, in this war, things of almost a miraculous character were performed in the way of administration—for instance the successful rationing of food, which was performed by a Civil Servant —scarcely one in ten of the public knows the man who did the work ?—Yes. And the reason is that we have not a well-thought-out system of selection for administrative work. It is not like combatant work.

25,591. Was your attention directed to the extraordinary success whereby a policy was devised for the pooling of food and supplies between the Allies ?—Yes, I know about that.

25,592. Is it not a fact that the Civil Servant who had so much to do with devising the policies concerned in that is unknown to the public, and he has received practically no recognition ?—I do not know about that individual, but it may well be so.

25,593. Do you not think that there exists in the country a considerable class of talented men who contemn the ordinary operations of commerce, and prefer to go into other professions such as the law, and other professions, rather than follow commerce, because it does not offer them a sufficiently distinguished career, or one which is distinguished in the intellectual sense ?—Yes. Some of them do very well out of the law, so that I do not contemn them for it. But, passing from that, I think there are a great many men who would be prepared to serve the State at moderate salaries, if they were to have the prospect of

becoming distinguished in the sense of having rank and recognition. I am quite sure, just as in the Army and Navy you find men ready to go in and take a very small living wage compared with the standard of their class, for the honour and glory of the thing, so you would find it in the Civil Service, if you based the Civil Service on that foundation.

25,594. Might I put that point in another way? If one takes the London distributing coal trade, is it not possible to imagine a talented man who would contemn becoming a London coal merchant but who would not contemn becoming Administrator of the London coal service, and who would esteem it to be a much more dignified thing, and would give his brain to the one, whereas he would not to the other?—I have known several Army administrative officers who would have taken to that work with great delight and courage, but whether their courage was excessive I do not know.

25,595. What is your view with regard to the abolition or with regard to forbidding Members of Parliament from making any recommendations for the Public Service with regard to promotion?—I think it is a very right thing to lay it down. It is extremely difficult to enforce. I remember when I was at the War Office I published a ukase that not only were no ladies to make applications for the promotion of their friends, but if any application for promotion of an officer were made on his behalf by a lady, he must clear himself of the presumption that in some way he had inspired it. But it was not much good.

25,596. Sir ARTHUR DUCKHAM: You spoke just now about the devotion on the part of the Services. Do you not consider their devotion is to a large part due to the traditions of the Services?—Yes, I think it is, and my complaint is that there has not been the encouragement of such a tradition in other branches of the Service at all.

25,597. In the Civil Service or a new branch that might be created?—A man may serve as a Civil Servant and do

brilliant work just outside what is teehnieally alloeated to him and he will pass out of the Civil Serviee at 65 unrecognized and forgotten, because they look only at the little narrow duty they have assigned to him.

25,598. In your experienee, do you find a Civil Servant ean take initiative ?—I think a Civil Servant is of flesh and blood like any one else, and probably lots of them have it in them, but the whole system is of a kind whieh discourages it. Unless you grow up in an atmosphere where it is encouraged you do not have initiative. That is where the business man has the strength and the advantage. He is in an atmosphere of initiative. The Civil Servant is not in an atmosphere of initiative. The soldier and sailor to a large extent are.

25,599. Is not the Civil Servant taught very largely the duty of passing on his responsibility to the one above him ? —What happens in the Civil Serviee is this, and I have a pieture of it before my mind from experienee. The Minister says, "This has been thought out, and after consultation, this is the prineiple we worked out." He sends for the head of the depaitment, with whom he discusses it and who makes suggestions, and then in the shape into whieh it has grown, the head of the department takes it away. The head of the department, after thinking it over, ealls to him two of his sub-heads and says, "You will take that part, and you the other." They have staffs, and these staffs proceed to sub-divide it, and the whole thing gets differentiated until there is most minute work done lower down. I have often marvelled at it and thought how ineompetent I should have been if I had to do it myself. But it has been so broken into fragments and so dissoeiated from the spirit of the whole that what you get is a eolleetion of fragments in a basket, about any fragment of whieh no one ean be enthusiastie except the man at the top who hopes to be able to sort them into their places.

25,600. They all return baek up the same ladder ?— Yes. The Civil Servant does his work admirably, but you

do not ask him to do the kind of work you want where initiative is the order of the day.

25,601. And that tends to a levelling up of the people, both so far as pay and position are eoneerned ?—Yes. A man is very mueh aggrieved if he is told that his fragment is different from the fragment of his neighbour and he asks, "Why did I not have that fragment ?" and it leads to dissatisfaetion and diseontent and to an undue absenee of the ehanees of the passing up from one elass of Civil Servant to the higher elass.

25,602. With regard to ministerial responsibility, you have given us some idea of how you think it would work. Do you think the Minister eould have two ehiefs in Parliament and a Counеil ?—No, you would paralyse him.

25,603. Do you eonsider the Counеil must appreciate that the final responsibility lies with the Minister ?—Absolutely.

25,604. Did you find in the War Offiee that all your members of Counеil reeognized that they might advise you, but the final decision was in your hands ?—Absolutely. They used to reeognize it in exeess. I used to say, "For goodness' sake, tell me where I am going wrong, or I shall break my shins later." They were very good, but I lived with them and we were always diseussing things. If you ean get men of that kind, it is far better than their having authority. They are far freer and do their best to help you.

25,605. You eonsider it is only by a similar method you can get sueh organizations eontrolled ?—That is what I eall getting rid of red tape and making the thing work.

25,606. Supposing the eoal industry were nationalized, do you eonsider in that Administration there must be some examination or seleetion to bring in people for administration ?—There are many posts eonneeted with mines where speeial knowledge is essential. For instanee, I think it would be very wrong if a sub-inspeetor of a mine were a man who had not been trained in a mine and had first-hand knowledge. On the other hand, I think it is very

wrong if the Chief Inspector has not a very wide knowledge of a great many subjects which he could not get in the mine perhaps at all, but which he must bring to bear on the variety of points which he has to observe. Then again, to follow it out, supposing you come to the management of the mine: there you want a man who not only knows the mine and knows the work, and has business capacity and experience, but who is also capable of taking the initiative. A person who sits still until he is told to do something is deadly, and the whole future of the success of nationalization in this as in everything else seems to turn on the getting of capable men. Then it is easy; but if you do not get a man who is capable, the best thought-out scheme of nationalization in the world will not work. Therefore, you want to get capable men as managers—some one who will work with the men as I suggested the Minister should work with his Council—that is to say, live with them and make them feel that he is one of themselves and make them love him just as the soldiers love the competent company officer who, while he commands them, will sacrifice himself for them if necessary. So they should look up to the manager of the mine, not only as their manager, but one who by nature and not by accident ought to take the initiative with them. One point further—I am not suggesting the manager of a mine could be found except in a class specially trained in mine management, but when you get further and to the nexus which there will be between mines managers and whatever organizations there are over them and the Minister at Headquarters, then you want the competent person I am speaking of. You want the real good fellow who will come down and come with full knowledge, knowing what he wants and capable of sitting down and talking it over and taking counsel, and being a thoroughly intelligent medium of communication between them and Whitehall, or whatever is the site of Headquarters.

25,607. How would you select these people? Would there be an examination or would it be seeing the men and

talking it over ?—I have had a great deal to do with the question of selection by examination. I think it is a most second-rate mode of selection. In the universities we are passing away from it, and we are now making selection according to record in the previous school of training, wherever we can. For instance, in Scotland we have changed the principle, and three years' record of good work done in the public school of education takes the place of matriculation in the Scottish universities. Here I should like to see something of the kind. You train your men and put them to some work, what you think they are best at. You observe carefully how each man does. You may find that he is likely to do still better at something else and you transfer him to that. As the men of aptitude develop, you select from them and allocate them to the various posts, and the field of selection should be very wide. A man should not be taken for this or that duty merely because he happens to be at Headquarters. There may be a mine manager or a workman who has shown great aptitude, and I should like always to keep a discretion to depart from the normal and take the man of exceptional ability and use him where his exceptional abilities will operate, but it must be a selection based upon observation and record.

25,608. Do you think under the National system that the man you describe as the mine manager—a type as to which I absolutely agree with you—would be given freedom of movement ?—I think it is essential. Take the company commander who has to lead 120 men to death if he makes a mistake, but victory if he is right. If he is a real first-rate company commander the men believe in him because they know their lives and best chances are with him. Why ? Because he has lived with his men and not been a pedant or given himself airs. That is the finest type of British officer. The mine manager ought to be like that. He ought to live with the men and be of their class, always talking with them ; if there is a grievance he ought to foresee it. He ought to talk with them and

develop them and get their confidence. In the end the initiative and responsibility must be his. Otherwise you will not get the good qualities which you have at the present time. No doubt a good deal of the efficiency of business men is due to the authority they exercise, but that authority has come up into collision with another principle, the principle of desire for equality and better conditions, and the problem is to reconcile these two. I am suggesting the spirit and atmosphere in which I think they can be reconciled.

25,609. That is to say, a very great deal of authority would have to devolve on these mine managers?—I think so.

25,610. Sir ADAM NIMMO: Do you think you can draw a real comparison between your ability to secure special men for the Army and Navy and special men for the ordinary working of an industry? The point I have in my mind is this, do not men go into the Army and the Navy really for special reasons, under special motives, which would not apply, in the same sense, to an ordinary industry?—Yes, but I want them to apply to an ordinary industry. I want to make the service of the State in civilian things as proud a position as it is with the Army and Navy to-day, and for there to be a public spirit, public honour and public recognition. Just as you get the engineer officer who will throw a bridge over a river with extraordinary skill, although he seems to have no materials with which to do it, so you may develop the same kind of capacity in that officer when he deals with a civilian problem.

25,611. I suppose it would require quite a different quality in a man to deal with civilian problems than with Army and Navy problems?—I think it requires the same qualities—initiative, power to take responsibility, and freedom to act. I lay great stress on that. You also want knowledge and decision, and the instinct for coming out right. I am sketching rather a high standard, and, as you know, it is difficult enough to get these men, even for the coal owners, and it is also difficult to get them anywhere,

but we have never thoroughly recognized the value of knowledge and character in these things.

25,612. Taking the mining industry, is it in your mind to split it into different departments of administration ?—I am not competent to give you an opinion on that. You and I sat together on the Coal Conservation Committee, and we examined together a good many problems there, but we did not go into that further than that we said mining problems must be brought under one roof, and there must be a Minister of Mines who will be the inspiring prophet of the whole matter, instead of the responsibility being scattered about among so many departments, as it is to-day.

25,613. Generally speaking, would you not say that the men who were to take the special charge of the mining industry required to be men who were familiar with the industry as a whole ?—I think one of the superstitions from which we suffer is that you cannot know about a thing unless you have been in it from childhood. That may be very narrowing as well as very strengthening. A really capable man will acquire the requisite knowledge with wonderful celerity, but, of course, he must have experience, and must be trained and go through the mill.

25,614. The point I have in my mind is this, that the man who is likely to do the best work, let us say, on the administrative side of the mining industry, is a man who has got a thorough and genuine knowledge of the production side at the same time ?—He ought to have that, certainly.

25,615. That is to say, in the working of an industry, you require to interweave, as it were, one department of the business into another ?—Yes ; you want knowledge and science.

25,616. Would you agree that in order to secure these men you require to bring them up through the industry ?—Not necessarily. The highest and fullest knowledge is not necessarily the knowledge that is got by immersing yourself for the first period of your life in details. It is the knowledge which a man gets by progressive training. I

should hope, if you nationalize the mines in this country, you will use many such men as you describe, but I think you will find the work will distribute itself in an extraordinary way and people will turn up whom you did not think of, who are quite as good as your specialists.

25,617. How do you secure for the men you desire to bring up through the industry a sufficient incentive under a State Department?—Among the mine managers there are probably lots of men who would be only too proud to be actuated by the motives which actuated the officers in the Army and Navy, real distinction in the service of the State. I should hope every man who became a mine manager would have before his eyes that he might do his work so well that he might rise still higher in the hierarchy and to the highest in the end. That is what I meant by a thought-out system of national promotion.

25,618. You used two words in relation to selection, and said that it should be "stern and rigorous." Would that be likely to be realized in practice?—In my experience every process of selection, however well devised, only achieves 50 per cent. of what you aim at, and perhaps not so much, but it would be much better than what we have got now.

25,619. If you take the working of private enterprise, is not that just one of the very things that happens under private enterprise, that the private owner is watching the men that come under his own observation, and that he rapidly promotes these men if he thinks them specially efficient?—Sometimes he does and sometimes, unfortunately, he makes mistakes, as we know. What I want to do is to introduce that into the service of the State. I want to make the service of the State like the spirit of the private owner in that respect—looking for efficiency everywhere.

25,620. But looking at the problem as a whole and the working of an ordinary industry, do you not think that the capable man is more likely to be brought out by the motive of personal gain?—Well, I really do not. I think

we lay far too much stress on that. A great many people go into business, not from the sordid love of money, but because they wish to make a fortune. It is a way in which to distinguish themselves. It is not that they want to drink champagne or eat turtle, but because they want to be marked out as people who have succeeded in life. I am suggesting an equally potent motive in life which leads to a discharge of public duty. I think you will appeal to that tremendously, and I am a great believer in human nature.

25,621. If the mines were nationalized, I think you have it in your mind that there should be quite a decided departure from the methods which have been followed in Government Departments in the past in dealing with the selection of men ?—That is so.

25,622. Do you think in practice it would be possible to evolve a practical scheme, having regard to the practice that has been in operation in Government Departments over so many years ?—If I were a dictator—that is to say, if I were Parliament—and I were entrusted with the task, I think I could undertake, if I were left alone, to find half a dozen men, any one of whom, put at the head of a great department and with a system such as we are discussing, would carry it out.

25,623. Do you think you would be likely to be left alone ?—That is another thing.

25,624. Mr. Evan Williams: I gather you attach supreme importance to the proper choice of the Minister of Mines. Is there any possibility of securing that the choice should be made in the wisest possible manner at all times ?—There you ask me a question which opens up a field of dubiety. I should hope it would be so, and it ought to be so, and it is most important that when the Minister of Mines is chosen he should be the most highly qualified man possessing all the various qualities that can be discovered.

25,625. In the absence of certainty that you get the right man and the right administration, is it wise to risk

an experiment of so vast a nature?—You have always to do that. At every general election every Prime Minister is making terrible experiments, and you cannot avoid it.

25,626. I think you would agree that an experiment which proved a failure in the production of coal in this country would be far more disastrous than the failure of a Government?—That may be so, but I am not expressing a view about it. Heaven forbid I should! It may be you are up against a complete change which is coming about in the mind of the world since the war, and which will make it necessary for you to take some steps in the interests of your own lives. I do not know whether it is so or not; but things have changed, and when things change we must, like Englishmen, face the situation.

25,627. Do you think it would be wise to risk an experiment without making sure we have the right legislative staff?—You must make the choice; I am not expressing an opinion.

25,628. Mr. R. W. Cooper: Would the Minister of Mines of necessity be a party political appointment?—I understand what you mean. It must be. By the law of this country the King can do no wrong, and the reason is because he is advised by a Minister responsible to Parliament—that is to say, responsible to the nation. And the Minister of Mines therefore must be selected by the Prime Minister in the name of the King as the Minister who is to give advice on which the sovereign is to act.

25,629. You have spoken about the necessity of whoever has authority having freedom of action. Do you think it would be possible to have the same freedom, for example, of prompt dismissal for neglect or inefficiency in a State Department as in private business?—I think it is. I have turned out generals of very high rank into the street.

25,630. On the spot?—On the spot.

25,631. Of course in the coal industry there is the commercial side as well as the technical side. Would you expect, for example, in carrying on a trade like the export trade of

coal, where prompt decision and a good deal of risk must be taken, to be able to carry that on by means of a State Department ?—Yes. I am so anxious to bring this out. The State administration as it is to-day is not nearly up to the mark. What I want is an educated administration with a high level of officials trained in that kind of atmosphere which I described to Mr. Tawney, and it should be quite different from the State administration of to-day. As I said, if you have that, I should not be in the least afraid of nationalizing. I am very much afraid of nationalizing, if you do not get that. Therefore the prominent problem to my mind at this moment is not the abstract question yes or no on the question of principle, but the question whether you can make such an administration. I think I see my way up to a point at any rate to make it. I will not say I see it the whole way, because I do not know.

25,632. Even to the extent of taking, for example, the risk of foreign credit, and that sort of thing, do you think any State Department could do that ?—There, I think, you can draw an abstract line. You may nationalize as much as you like, but in a country like this, with its vastly complicated interest in foreign credit, there must be a huge amount of private enterprise, which can be only done by one man and one mind. But that does not mean you cannot control, in the interests of the State, the sources of production at home. You can dovetail the two in. It is only a question, really, of sufficiently thoughtful working out.

25,633. You think by a sufficiently well-thought-out system, the State might, in effect, carry on the business of a foreign merchant ?—I do not say that, but I do say this : the State might say, " Well, we can produce the coal in the interests of the nation at such and such a price. We do not want to have bad mines in this country. We do not want to have coal so cheap that it can only be won at the cost of the lives and health of the miners. We would rather deal with it in some other way, but we think we can produce coal with our resources well-organized, and with better

organization, by much that exists at the present time, in such a way as to get at a price which makes foreign trade possible." That is done, and the State says the price below which it could not sell, and above which it is not going to allow it to be charged to the foreign merchant. Then comes in the foreign merchant and buys. The State is a producer.

25,634. By "foreign merchant," which was a somewhat loose expression, I meant the Englishman, or the colliery owner, or the merchant, as at present, who sells the coals and delivers them abroad to Germany, for instance? I was assuming, for the sake of argument only, that you carried out nationalization, and the State is a good producer of coals and sells coals at a reasonable price. It may be that the State would say: "We prefer to sell to some one who will take the foreign trade in hand." If the State takes the foreign trade in hand, it may be very much more difficult. I do not know, and I have not thought it out, but it does not follow, because you nationalize, that you are going to eliminate the foreign merchant or the English merchant dealing with people abroad.

25635. On the question of salary, do you think the State would have to raise the scale of salary to make it correspond with that which prevails in private employment?—I am all in favour of paying good salaries, because, in the main, you get what you pay for, and it is still more clear that you do not get what you do not pay for. That is human nature, and it is as strongly implanted in the miner as in the State official. The State official, hitherto, has been the patient beast of burden who has been underpaid, and whose salary has risen very slightly compared with the cost of living. Equally good salaries do not mean the salaries which rich men require in order to live as rich men. Your general in the Army, your colonel, your captain, your admiral in the Navy, your commander, live on what the rich man often calls very little indeed, but their reward comes to them in another way. They have social advantages which he has not. They are rewarded by the public, by honours, and by positions

which tell. I do not like that being a monopoly of the fighting services. I want to see it extended to the other administrative services of the State, and I think it can be. It has been partly extended to the Civil Service, and I want it extended to those larger Civil Services of which we are speaking.

25,636. I suppose you would admit that glory has a great deal to do with the halo which attaches to the Army and Navy ?—I think there are many kinds of glory. The glory of a popular preacher is very great, but he does not demand a large salary. The glory of a successful politician may be very great, and often he is as poor as a rat, but he does not mind. He has much more. He can dine with millionaires each night if he pleases.

25,637. Mr. ARTHUR BALFOUR: You would not hold that the coal industry should be run under the same kind of rules and regulations as the Army ?—No. I am obliged to you for giving me an opportunity to make that clear. I have only talked of the Army because the Army is what I know, and it is an institution I am very fond of. I only took it as an illustration of which I have had experience. You must, of course, shape your own organization according to the functions which that organization has to perform, and I have been only indicating that I think in the Navy and Army there is a source on which you can draw, which has been hitherto left intact.

25,638. Now with regard to this new class of organization which you think should be trained, it would take some years to train a sufficient number of people to take up a wholly new industry ?—One is prone to think that, but it is wonderful what a lot of competent men there are. I should like to put every one through an administrative course at the London School of Economics or somewhere else before he went through this. Unfortunately our industries have not encouraged the teaching of administration. Mr. Tawney knows better than I, but I do not think at Oxford or Cambridge there is any systematic training in

administration. There is a little at the other universities. At London there is, and there will be more, because I happen to know that the University of London has had very considerable funds just placed at its disposal for the development of its Economic Faculty.

25,639. If you turned a general into the street, or more than one general, because you thought he was not sufficiently competent, that was a very simple operation. But supposing that was done in a business and the next day you had a strike through the action of the Trade Union, how would you deal with that?—A strike, like everything else, usually arises from people having let a position grow up which they had not foreseen. I do not say that is always the case, but it is very often, and your really competent person will be like a pointer in search of game, always looking out for the centre of strikes and going very cautiously when he hears of it. The kind of man I am speaking of is a man who rather recognizes it as one of the first duties to feel himself as one of his kind in close relations with his men.

25,640. Does it not often happen that a strike is caused by the rejection of a gentleman who is rather voluble, like the orator in the House of Commons and who, through his volubility, has a certain standing with the Union?—I saw a great many labour disputes when I was a member of the House of Commons. I saw them amongst my own constituents and elsewhere, and my experience is that if you are right and a man is really incompetent and you explain it, the men will be just as strong as you in getting rid of the incompetent.

25,641. You have a three-cornered proposition in the coal industry and only a two-cornered proposition in the Army. You have the Trade Union, the people working and the owner?—Of course you have the difficulty that the strike may arise outside your own works. It may come from the action of the Trade Union, but that is only transferring the problem to a larger sphere. I believe if there were less suspicion on the part of the men, and if they did not dis-

believe nearly every word that was said to them, and if they had not in the past a certain amount of experience to warrant them in scepticism, things might be easier. I believe the solution for industrial conditions all over the world is that employers and employed should be very much more in consultation, and that they should feel that the industry is a thing which concerns them commonly and they should not be antagonistic.

65,642. Mr. Frank Hodges: Would you care to give an opinion on the propriety of the desire of the workmen to take a bigger share in the control of the industry in these days?—I am very anxious to keep myself clear of the main question, because I am really not an expert on this question of nationalization, but I have seen a good deal of workmen and I am very much impressed with this: the lower you go in the social scale as a rule the less articulate people are: they do not talk or express themselves so easily. That does not mean that they do not know and think, and when I have got to be real friends with the workman I have generally found he knew quite as much as I did about the particular thing I was interested in. We are very often apt to think that because the workman says nothing, he is not interested. He is interested, and if you can gain his confidence and mind you will find his objects and purposes are not very different from yours. If you can get him to believe that you and he have a common object, I do not think he is a very difficult person to deal with. We are rather like two foreign nations at present, each very suspicious of each other's designs and motives.

25,643. Of course, you know the activities of the Workers' Educational Associations, Ruskin College and the Central Labour College have resulted largely in workmen holding the belief that they should be articulate in industry and take a share in the administration of industry. Do you think that is proper?—It is a very legitimate desire when a man's livelihood and what he and his family depend upon are involved in industry that he should be interested, and that he

should have the chance of knowing what he is doing. I think the intelligent workman is the first to recognize the distribution of functions. He says, "I do not want to make contracts for the sale of coal. God forbid! I know nothing about it. I do not want to make the plans of the mine—that is the work of the mining engineer. I do not want to be responsible for detecting whether ankylostomiasis is showing itself in the mines. I should not find it out. But there are things as to which I do want to have my share. I want to have a voice in it being brought to consciousness whether the mine is properly and adequately inspected and looked after or not; whether proper care is taken of the workmen." In fact, there is a whole sphere of common interests which you can define, which do not mean what I call taking the higher control of the mine out of the expert's hands, but which do mean that in the sphere where workmen and employer are concerned in common there might be a great deal more interchange of view and counsel and participation than there is at the present time. In other words, we are passing to a region of democracy in industry.

CHAIRMAN: Lord Haldane, I only desire now to read a letter I ought to have read at the beginning of your evidence in order that it may go on the shorthand notes. It is a letter which the Secretary of the Commission wrote, and it says: "My Lord,—The Coal Industry Commission are anxious to have some evidence upon the question whether the Civil Service, under its present or any future organization, will be competent to carry on the coal industry if nationalization were decided upon. They believe that your lordship's experience and knowledge gained in many spheres of the public service, and as Chairman of the Machinery of Government Committee, would be of great value to them in coming to a proper determination. I am directed by the Chairman to ask whether your lordship would be good enough to give evidence on these points at 11 o'clock on Wednesday in the King's Robing Room at the House of Lords. The

bearer of this letter will wait in case you wish to send a reply." That was signed by the Secretary, and you were good enough to say you would come, and we are very much obliged to you for the assistance you have given us.

WITNESS: Thank you, Sir.

(*The Witness withdrew.*)

Printed in Great Britain by
UNWIN BROTHERS, LIMITED, THE GRESHAM PRESS, WOKING AND LONDON